REMARKS

In view of the Request for Continued Examination (RCE) concurrently submitted herewith, Applicant respectfully requests the Examiner to withdraw the finality of the outstanding rejections and reconsider the merits of these rejections in view of the foregoing amendments and following remarks. Claims 1-20 are currently pending.

I. Interview

At the outset, the undersigned thanks the Examiner for the courtesies extended during the interview conducted on December 16, 2004.

II. Objection to Claims 8 and 18

Claims 8 and 18 are objected to under 37 C.F.R. § 1.75(c), as allegedly being of improper dependent form for failing to further limit the subject matter of a previous claim. *See* Office Action, September 30, 2004, page 2, paragraphs 3-5. Particularly, the Examiner contends that "the claims add only nonfunctional descriptive matter" as they "add only business, ownership or institutional distinctions, distinguishing between 'the card provider system' and 'the brokerage system'." *See id.* Applicant respectfully disagrees and traverses this objection.

The limitation "wherein part of the rebate is funded by the card provider system, and part of the rebate is funded by the brokerage system" as recited in claim 8 and similarly recited in claim 18 is not nonfunctional descriptive matter. Contrary to the Examiner's contention, this limitation adds technical distinctions in that it specifies two systems, rather than one system, for providing the funds for the rebate. In other words, a single rebate can be the sum of two amounts, each of which is tendered by a separate system. Clearly, facilitating the funding of a single rebate through two separate systems, for example, through two monetary transfers originating from two different sources, is precisely the type of technical distinction in which patentability should be judged upon.

Addressing the issue more broadly, Applicant fails to understand the Examiner's basis for objecting to these dependent claims for having "nonfunctional descriptive matter." Breaking the Examiner's phrase into its components, "nonfunctional" and "descriptive matter," clearly the Examiner cannot object to the claims for setting forth "descriptive matter" of which is claimed; that, after all, is the purpose of patent claims--it is no basis to object to claims. Regarding "nonfunctional," Applicant is unaware of any case law requiring that every limitation in a dependent claim must be "functional;" nevertheless, in a rebate-based invention involving a card

provider system and a brokerage system, a limitation regarding how the rebate is funded as between the two systems goes to the heart of the functionality of the system.

Applicant respectfully requests that the objection to claims 8 and 18 be withdrawn.

III. The Anticipation Rejection of Claims 1, 2, 4-12, and 14-20

Claims 1, 2, 4-12, and 14-20 stand rejected under 35 U.S.C. § 102(b), as allegedly anticipated by U.S. Patent No. 4,750,119 to Cohen *et al.* ("Cohen"). Particularly, the Examiner asserts that Cohen discloses all of the limitations recited in these claims. Applicant respectfully traverses this rejection.

As an initial matter, Applicant would like to direct the Examiner's attention to the amendments made to "brokerage system" that even more clearly crystallize the distinction between the invention and the prior art. For example, in some claims Applicant has indicated that the brokerage system is for conducting transactions "for securities," which would encompass trades to buy or sell individual stocks, mutual funds, and other equities-based products. Similar changes are made to other independent claims.

Cohen describes a purchasing system that provides subscriber-purchasers with a rebate in the form of an annuity paid twenty years from the end of the fiscal year in which the consumer makes a purchase. *See* Cohen at col. 3, lines 4-9. Particularly, a subscriber-purchaser places an order for a selected good or service from a particular vendor selected by a purchasing center. *Id.* at col. 3, lines 40-42. The subscriber-purchaser communicates his or her purchase to an individual at the purchasing center. The subscriber-purchaser then sends the funds, representing the cost of the goods and services, to the purchasing center. The purchasing center sends the funds and an instruction to pay that particular vendor selling that particular good or service to an escrow agent. *Id.* at col. 3, lines 58-68. The operator of the purchasing system has negotiated with a variety of vendors to pay a generally wholesale price for the goods and services. Therefore, a differential exists between the price paid by the purchaser-subscriber and the wholesale price due the vendor. *Id.* at col. 4, lines 1-6. The operator of the purchasing system utilizes the differential to fund the annuity. *Id.* at col. 2, lines 25-35. An escrow agent pays an insurance company a premium for an annuity policy and then pays the vendor the wholesale price for the selected good or service. *Id.* at col. 4, lines 17-21. The purchasing system generates an instruction to the insurance company to issue individual annuity contracts to each individual subscriber-purchaser. *Id.* at col. 4, lines 54-56.

Broadly speaking, Cohen's system for using price differentials to purchase annuities on behalf of a consumer is not relevant to Applicant's invention which is broadly directed to applying rebates based on card usage to reduce the transaction fees to the consumer for brokerage transactions that are separately initiated by the consumer.

Now referring to particular claims, Cohen fails to teach or suggest "applying a rebate . . . to fund at least part of a transaction for securities performed by a brokerage service" as recited in independent claim 1 (emphasis added), and similarly recited in independent claims 9, 10, 11, and 19. Support for this limitation is found in Applicant's Specification at page 10, lines 8-12, which states:

> The brokerage system 124 also interacts with one or more trading systems 126. The trading systems may comprise any type of system in which investment assets may be bought and sold in a particular jurisdiction. For instance, the trading system may broadly represent any type of stock exchange system (or any combination of stock exchange systems) used to publicly trade assets on the open market.

Cohen's rebate system is limited to the purchase of an annuity contract between private parties. *See* Cohen at col. 3, lines 4-9. Such a transaction is not a transaction for securities, *e.g.*, a transaction associated with the purchase or sale of publicly traded assets such as stocks, bonds, or commodities, as claimed.

Cohen further fails to teach or suggest a "module executed by a processor for receiving instructions from the cardholder that directs the brokerage system to perform a transaction" as recited in independent claim 2 (emphasis added), and similarly recited in remaining independent claims 12 and 20. For example, in at least one embodiment of the invention, a rebate based on a purchase made by a cardholder is applied to a fee for a brokered transaction, such as a stock purchase, which is initiated and directed by the cardholder. *See, e.g.*, Applicant's Specification, page, 3, lines 9-21; page 7, line 16 to page 8, line 3; and Fig. 1. The rebate therefore provides the cardholder with a free or discounted brokered transaction, thereby serving as a powerful incentive to motivate cardholders to actively engage and interact with the brokerage service. *See id.* at page 4, lines 17-19. However, Cohen's rebate system precludes a subscriber-purchaser from issuing a direct instruction to the purchasing center (which the Examiner alleges to be the claimed "brokerage system," *see* page 4, paragraph 11 of the Office Action) or the insurance company to purchase an annuity contract. Rather, the subscriber-purchaser merely informs the

purchasing center that a purchase from a vendor has been made; nothing else is communicated from the subscriber-purchaser. In Cohen, the consumer does not direct Cohen's escrow agent to purchase the annuity contract or to undertake any other transaction. Cohen, in fact, actually teaches away from Applicant's approach of the cardholder providing instructions to a brokerage.

Moreover, Applicant strongly maintains that Cohen does not teach or suggest a "brokerage system" or "brokerage service" that charges a fee to perform a transaction, as recited in all independent claims. The cited Merriam-Webster's Online Dictionary definition of a "broker," which the Examiner relies upon in the Office Action, even supports such a contention. As set forth in the record, Merriam-Webster defines a broker as follows:

> **broker** . . . one who acts as an intermediary. as **a**: an agent who arranges marriages **b**: an agent who negotiates contracts of purchase and sale (a [*sic*] of real estate, commodities, or securities)

Clearly, the former "marriage" broker is not applicable to the cited art. Moreover, the latter "real estate, commodities, or securities" broker does not encompass an entity's purchase of an annuity contract from an insurance company. Hence, the Examiner's reasoning is unsoundly based as Cohen's escrow agent and/or purchasing system does not qualify as a "broker" in view of the definition provided by Merriam-Webster's Online Dictionary.

More fundamentally, the Examiner has an obligation to read the claim terms consistent with the specification, not in a void. While it is true that an Examiner should give claim terms their "broadest reasonable interpretation," this interpretation **must** be "***consistent with the specification.***" M.P.E.P. § 2173.05(a)(emphasis added), *citing In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997), *and In re Prater*, 415 F.2d 1393 (C.C.P.A. 1969). Applicant's "brokerage" for performing "open market transactions for securities" can not be fairly read consistent with Applicant's specification to correspond to Cohen's private escrow agent who purchases annuities.

Moreover, Applicant still maintains that Cohen does not teach or suggest applying the rebate to fund at least part of the transaction fee as recited in the independent claims. Rather, in Cohen, the rebate is used to fund the value of the annuity itself. *See* Cohen at col. 2, lines 1-8 ("The purchasing system . . . generates instructions to . . . pay the future rebate guarantor, the insurance company, a premium representing the purchase price of all the future guaranteed rebates that the insurance company will be required to make to the plurality of purchaser-

subscribers on the predetermined future date."); col. 7, lines 25-32 ("The insurance company at that time can provide a definitive value of the annuity contracts and hence the program can compute the individual annuity contract rebate values for each subscriber-purchaser based upon that purchaser's total purchases.") (emphasis added). There is nothing in Cohen that suggests that the rebate is used to fund a transaction fee charged by a brokerage service. In fact, the second passage quoted above indicates that the purchaser's total purchase amount is directly related to the annuity amount, with no mention of transaction fees. Moreover, the "administrative fee" within Cohen (see col. 6, lines 21-22) in which the Examiner relies upon (see Office Action, page 3, paragraph no. 9) is not a transaction fee for securities performed by a brokerage as claimed, but rather a processing fee associated with a purchase of merchandise from a vendor.

For at least the reasons set forth above, Applicant submits that the instant rejection of independent claims 1, 2, 9-12, 19, and 20, and all claims dependent therefrom, is unsustainable. The Examiner is respectfully requested to withdraw the instant rejection of claims 1, 2, 4-12, and 14-20.

a. <u>Patentable Weight Must be Given to All Limitations in Claims 8, 12, and 18</u>

The Examiner concludes that the limitations "by the card provider" and "by the brokerage service" in claim 12, as well as the limitations recited in claims 8 and 18, constitute "nonfunctional descriptive material." *See* Office Action at page 4. No patentable weight was therefore given to these limitations.

Applicant respectfully traverses this assertion, and requests that the Examiner examine the claims giving full effect and consideration to the terms of the claims. The Patent and Trademark Office (PTO) must consider all claim limitations when determining patentability of an invention over the prior art. *In re Lowry*, 32 F.3d 1579, 32 USPQ.2d 1031, 1034 (Fed. Cir. 1994) (*citing In re Gulack*, 703 F.2d 1381, 217 USPQ 401, 405 (Fed. Cir. 1983)); *see also In re Wilson*, 424 F.2d 1382, 165 USPQ 494, 496 (CCPA 1970) ("All words in a claim must be considered in judging the patentability of that claim against the prior art."). Office personnel may not dissect a claimed invention into discrete elements and then evaluate the elements in isolation. *See, e.g., Diamond v. Diehr*, 450 U.S. 175, 188-89, 290 USPQ 1, 9 (1981).

In view of the relevant precedent noted above, patentable weight must be given to all of the limitations in claims 8, 12, and 18. Moreover, Applicant submits that the limitations at issue

do in fact add certain technical distinctions and should not be construed as nonfunctional descriptive matter. *See* Remarks § II.

IV. The Obviousness Rejection of Claims 3 and 13

Claims 3 and 13 stand rejected under 35 U.S.C. § 103(a), as allegedly being unpatentable over Cohen. Applicant respectfully traverses this rejection.

As stated in MPEP § 2143.01, to establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988).

Applicant maintains that Cohen fails to teach or suggest all of the claim limitations recited in independent claims 1, 2, 9-12, 19, and 20. *See* Remarks § III, *supra*. Therefore, these claims are nonobvious, and any claim dependent therefrom, *e.g.*, claims 3 and 13, is also nonobvious. Applicant respectfully requests that the Examiner withdraw the instant rejection of claims 3 and 13.

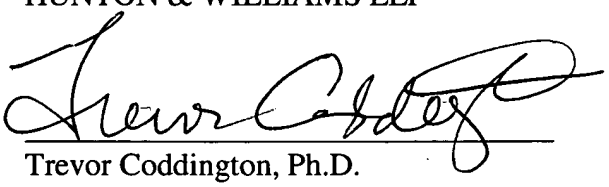
V. Conclusion

In view of the foregoing, it is respectfully submitted that the present application is in condition for allowance, and an early indication of the same is courteously solicited. The Examiner is respectfully requested to contact the undersigned by telephone at the below listed telephone number, in order to expedite resolution of any issues and to expedite passage of the present application to issue, if any comments, questions, or suggestions arise in connection with the present application.

No fee is believed to be required for entry and consideration of this timely Reply. Nevertheless, in the event that the U.S. Patent and Trademark Office requires a fee to enter this Reply or to maintain the present application pending, please charge such fee to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

HUNTON & WILLIAMS LLP

December 17, 2004 By: 

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